

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name TOWNSHIP OF COLUMBIA	County VAN BUREN
Fiscal Year End 03/31/2006	Opinion Date 12/15/2006	Date Audit Report Submitted to State 01/19/2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

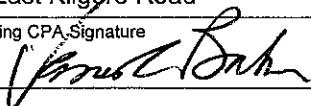
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	NO OTHER REPORT ISSUED	
Certified Public Accountant (Firm Name) Siegfried Crandall, PC		Telephone Number 269-381-4970	
Street Address 246 East Kilgore Road		City KALAMAZOO	State MI
Zip 49002			
Authorizing CPA Signature 		Printed Name JAMES C. BAKER, cpa	License Number 1101010743

*Township of Columbia*  
*Van Buren County, Michigan*  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2006*

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## INDEPENDENT AUDITORS' REPORT

**Members of the Township Board  
Township of Columbia, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Columbia, Michigan, as of March 31, 2006, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Columbia, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly and in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Columbia, Michigan, as of March 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, on pages 18 through 22, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Columbia, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Columbia, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sigfried Crandall P.C.*

December 15, 2006

## **BASIC FINANCIAL STATEMENTS**

**Township of Columbia**  
**STATEMENT OF NET ASSETS**  
*March 31, 2006*

	<u><b>Governmental activities</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 1,139,202
Receivables (net)	<u>132,327</u>
Total current assets	<u>1,271,529</u>
Noncurrent assets:	
Receivables due beyond one year	39,866
Capital assets (net of accumulated depreciation)	<u>801,460</u>
Total noncurrent assets	<u>841,326</u>
Total assets	<u>2,112,855</u>
<b>LIABILITIES</b>	
Current liabilities:	
Current portion of long-term debt	11,793
Payables	<u>33,915</u>
Total current liabilities	45,708
Noncurrent liabilities - long-term debt	<u>154,751</u>
Total liabilities	<u>200,459</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	634,916
Restricted for:	
Public safety	453,645
Public works	462,794
Health and welfare	87,823
Community and economic development	85,770
Unrestricted	<u>187,448</u>
Total net assets	<u>\$ 1,912,396</u>

*See notes to financial statements*

**Township of Columbia**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2006

		<u>Program revenues</u>		<u>Net (expenses) revenues and changes in net assets</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	
<b>Functions/Programs</b>	<u>Expenses</u>			
Governmental activities:				
Legislative	\$ 5,373	\$ -	\$ -	\$ (5,373)
General government	198,807	20,401	-	(178,406)
Public safety	224,646	31,825	6,981	(185,840)
Public works	119,653	32,659	9,069	(77,925)
Health and welfare	43,465	-	1,917	(41,548)
Community and economic development	18,331	-	1,503	(16,828)
Culture and recreation	887	-	-	(887)
Interest on long-term debt	<u>8,176</u>	<u>-</u>	<u>-</u>	<u>(8,176)</u>
Total governmental activities	<u>\$ 619,338</u>	<u>\$ 84,885</u>	<u>\$ 19,470</u>	<u>(514,983)</u>
General revenues:				
Taxes				667,322
State grants				197,446
Investment income				2,002
Other				<u>32,708</u>
Total general revenues				<u>899,478</u>
Change in net assets				384,495
Net assets - beginning				<u>1,527,901</u>
Net assets - ending				<u>\$ 1,912,396</u>

See notes to financial statements



**Township of Columbia**  
**BALANCE SHEET - governmental funds**

March 31, 2006

	<u>General</u>	<u>Road</u>	<u>Fire</u>	<u>Police</u>
<b>ASSETS</b>				
Cash	\$ 174,030	\$ 428,103	\$ 385,293	\$ 12,426
Receivables	<u>45,841</u>	<u>26,168</u>	<u>38,824</u>	<u>11,082</u>
Total assets	<u>\$ 219,871</u>	<u>\$ 454,271</u>	<u>\$ 424,117</u>	<u>\$ 23,508</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 7,314	\$ -	\$ 10,481	\$ 12,426
Deferred revenue	<u>15,555</u>	<u>26,168</u>	<u>33,858</u>	<u>11,082</u>
Total liabilities	<u>22,869</u>	<u>26,168</u>	<u>44,339</u>	<u>23,508</u>
Fund balances:				
Reserved for:				
Building inspection	25,109	-	-	-
Long-term receivables	-	-	-	-
Unreserved	171,893	428,103	379,778	-
Unreserved reported in nonmajor - special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>197,002</u>	<u>428,103</u>	<u>379,778</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 219,871</u>	<u>\$ 454,271</u>	<u>\$ 424,117</u>	<u>\$ 23,508</u>

Total fund balances

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Certain assets are not available financial resources in the current period and, therefore, are reported as deferred revenue in the funds.

Net assets of *governmental activities*

<u>Other governmental funds</u>	<u>Total governmental funds</u>
\$ 139,350	\$ 1,139,202
50,278	172,193
<u>\$ 189,628</u>	<u>\$ 1,311,395</u>
\$ 3,694	\$ 33,915
10,412	97,075
<u>14,106</u>	<u>130,990</u>
-	25,109
39,866	39,866
-	979,774
<u>135,656</u>	<u>135,656</u>
<u>175,522</u>	<u>1,180,405</u>
<u>\$ 189,628</u>	<u>\$ 1,311,395</u>
	\$ 1,180,405
	801,460
	(166,544)
	<u>97,075</u>
	<u>\$ 1,912,396</u>

See notes to financial statements

**Township of Columbia****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - governmental funds**

Year ended March 31, 2006

	<u>General</u>	<u>Road</u>	<u>Fire</u>
<b>REVENUES</b>			
Taxes	\$ 85,709	\$ 188,514	\$ 238,643
State grants	191,466	4,558	-
Licenses and permits	31,721	-	-
Charges for services	20,401	2,175	100
Interest and rentals	2,002	6,442	6,981
Other	35,339	-	-
	<u>366,638</u>	<u>201,689</u>	<u>245,724</u>
Total revenues	366,638	201,689	245,724
<b>EXPENDITURES</b>			
Legislative	5,373	-	-
General government	187,138	-	-
Public safety	33,705	-	79,354
Public works	26,511	75,236	-
Health and welfare	2,584	-	-
Community and economic development	15,621	-	-
Culture and recreation	3,832	-	-
Capital outlay	3,829	-	20,220
Debt service:			
Principal	-	-	74,281
Interest	-	-	8,176
	<u>278,593</u>	<u>75,236</u>	<u>182,031</u>
Total expenditures	278,593	75,236	182,031
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>88,045</u>	<u>126,453</u>	<u>63,693</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	5,606	-	60,000
Transfers out	(646)	-	-
	<u>4,960</u>	<u>-</u>	<u>60,000</u>
Total other sources (uses)	4,960	-	60,000
<b>NET CHANGE IN FUND BALANCES</b>	93,005	126,453	123,693
<b>FUND BALANCES - BEGINNING</b>	<u>103,997</u>	<u>301,650</u>	<u>256,085</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 197,002</u>	<u>\$ 428,103</u>	<u>\$ 379,778</u>

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<u>Police</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
\$ 69,528	65,440	\$ 647,834
-	1,422	197,446
-	-	31,721
-	-	22,676
-	3,444	18,869
-	29,277	64,616
<u>69,528</u>	<u>99,583</u>	<u>983,162</u>
-	-	5,373
-	-	187,138
69,528	1,498	184,085
-	16,355	118,102
-	40,881	43,465
-	2,710	18,331
-	-	3,832
-	-	24,049
-	-	74,281
-	-	8,176
<u>69,528</u>	<u>61,444</u>	<u>666,832</u>
-	38,139	316,330
-	646	66,252
-	(65,606)	(66,252)
-	(64,960)	-
-	(26,821)	316,330
-	202,343	864,075
<u>\$ -</u>	<u>\$ 175,522</u>	<u>\$ 1,180,405</u>

See notes to financial statements

**Township of Columbia**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES - governmental funds (Continued)**

Year ended March 31, 2005

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	<b><u>Total governmental funds</u></b>
Net change in fund balances - total governmental funds (from page 8)	\$ 316,330
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Capital assets:	
Capital outlay	17,492
Provision for depreciation	(44,279)
Long-term debt - principal payments on debt	74,281
Changes in other assets/liabilities - increase in deferred revenue	<u>20,671</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 384,495</u>

See notes to financial statements

**Township of Columbia**  
**STATEMENT OF FIDUCIARY NET ASSETS - *fiduciary funds***  
*March 31, 2006*

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	<u><b>Agency</b></u>
<b>ASSETS</b>	
Cash	<u>\$ 3,353</u>
 <b>LIABILITIES</b>	
Due to other units of government	<u>\$ 3,353</u>

*See notes to financial statements*

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Columbia, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable only when cash is received by the government.

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Road Fund accounts for the Township's share of highway and road preservation, maintenance and repair expenditures. Revenues are primarily derived from property taxes.

The Fire Fund accounts for the operating and capital costs of fire protection services. Revenues are primarily derived from property taxes.

The Police Fund accounts for the operating and capital costs of police service. Revenues are primarily derived from property taxes.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.



**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

d) *Assets, liabilities, and net assets or equity* (continued):

iii) *Capital assets* (continued) -

Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 - 40 years
Equipment	5 - 10 years
Vehicles	5 - 15 years
Roads	5 - 30 years

iv) *Deferred revenue* - Governmental funds report deferred revenue in connection with resources that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. Significant budget variations during the current fiscal year were as follows.

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
General	Health and welfare	\$ 1,000	\$ 2,584	\$ 1,584
General	Recreation and culture	950	3,832	2,882
Community Revolving	Public works	700	2,710	2,010

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 - CASH:**

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash	<u>\$ 1,139,202</u>	<u>\$ 3,353</u>	<u>\$ 1,142,555</u>

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2006, cash included deposits with financial institutions of \$1,142,498.

**Deposits:**

Custodial credit risk of deposits is the risk that in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of March 31, 2006, \$1,178,215 of the Township's corresponding bank balances of \$1,295,422 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the Township's individual major funds, and aggregate remaining funds are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Inter- governmental</u>	<u>Accounts</u>	<u>Loans</u>	<u>Total</u>
General	\$ 12,987	\$ 29,798	\$ 3,056	\$ -	\$ 45,841
Road	26,168	-	-	-	26,168
Fire	33,858	-	4,966	-	38,824
Police	11,082	-	-	-	11,082
Other governmental funds	9,229	-	1,183	39,866	50,278
Totals	<u>\$ 93,324</u>	<u>\$ 29,798</u>	<u>\$ 9,205</u>	<u>\$ 39,866</u>	<u>\$ 172,193</u>
Amounts due beyond one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,866</u>	<u>\$ 39,866</u>

All receivables are considered fully collectible.

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 593,342	\$ 3,100	\$ -	\$ 596,442
Vehicles	210,306	2,975	-	213,281
Equipment and furniture	144,153	11,417	-	155,570
Subtotal	<u>947,801</u>	<u>17,492</u>	<u>-</u>	<u>965,293</u>
Less accumulated depreciation for:				
Buildings and improvements	(43,230)	(17,668)	-	(60,898)
Vehicles	(70,103)	(14,319)	-	(84,422)
Equipment and furniture	(34,721)	(12,292)	-	(47,013)
Subtotal	<u>(148,054)</u>	<u>(44,279)</u>	<u>-</u>	<u>(192,333)</u>
Total capital assets being depreciated, net	799,747	(26,787)	-	772,960
Land	<u>28,500</u>	<u>-</u>	<u>-</u>	<u>28,500</u>
Capital assets, net	<u>\$ 828,247</u>	<u>\$ (26,787)</u>	<u>\$ -</u>	<u>\$ 801,460</u>

Depreciation expense was charged to functions of the Township as follows:

General government	\$ 7,840
Public safety	34,733
Public works	1,551
Recreation and culture	<u>155</u>
Total	<u>\$ 44,279</u>

**NOTE 6 - PAYABLES:**

Payables as of year end for the Township's individual major funds, and aggregate remaining funds are as follows:

	<u>Accounts</u>	<u>Intergovern- mental</u>	<u>Total</u>
General	\$ 6,219	\$ 1,095	\$ 7,314
Fire	9,932	549	10,481
Police	-	12,426	12,426
Other governmental funds	<u>1,232</u>	<u>2,462</u>	<u>3,694</u>
Total	<u>\$ 17,383</u>	<u>\$ 16,532</u>	<u>\$ 33,915</u>

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 7 - LONG-TERM DEBT:**

Long-term debt of the Township consists of a 4.14% \$250,000 Installment Purchase Contract, authorized under Michigan P.A. 99 of 19933, as amended. The note was issued in connection with the construction of a new fire station facility. The note is due in quarterly installments of \$5,614, including interest. In December, 2005, the Township paid an additional \$60,000 on the note, reducing the final maturity date from July 2019 to April 2015.

Long-term debt activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Debt issued</u>	<u>Principal payments</u>	<u>Ending balance</u>	<u>Current maturities</u>
2005 4.14% \$250,000 note payable, bank	<u>\$ 240,825</u>	<u>\$ -</u>	<u>\$ (74,281)</u>	<u>\$ 166,544</u>	<u>\$ 11,793</u>

Future debt requirements at March 31, 2006, are as follows:

<u>Year ended March 31,</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 11,793	\$ 5,050
2008	16,301	6,156
2009	16,987	5,470
2010	17,701	4,756
2011	18,445	4,012
2012 - 2016	<u>83,317</u>	<u>7,994</u>
	<u>\$ 164,544</u>	<u>\$ 33,438</u>

**NOTE 8 - DEFERRED REVENUE:**

Deferred revenue reported in the fund basis statements as of March 31, 2006, consisted solely of property taxes and assessments, which are deferred due to availability.

**NOTE 9 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**Township of Columbia**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 10 - DEFINED CONTRIBUTION PENSION PLAN:**

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. The plan covers all full-time employees (over 20 hours per week) and Township trustees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. The Township contributes 30-10% of each qualified employee's base salary to the plan. The Township's contributions are fully vested immediately. The Township made the required contributions of \$5,568 for the year ended March 31, 2006. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

**NOTE 11 - INTERFUND TRANSFERS:**

The Ambulance Fund transferred \$60,000 to the Fire Fund to defray a portion of the debt service cost. The Saddle Lake Fund transferred \$5,606 to the General Fund for reimbursement of cost paid on behalf of the Saddle Lake Fund. The General Fund transferred \$646 to the Hospital Fund in support of certain operating costs.

**NOTE 12 - CONSTRUCTION CODE ACTIVITY:**

The Township accounts for construction code activity within the General Fund. A summary of activity for the year ended March 31, 2006 is as follows. The unexpended balance as of year end is presented as a reservation of the fund balance of the General Fund.

Revenues	\$ 31,721
Expenses	<u>(22,198)</u>
Excess	9,523
Unexpended balance, beginning of year.	<u>15,586</u>
Unexpended balance, end of year	<u>\$ 25,109</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Columbia**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 65,000	\$ 65,000	\$ 85,709	\$ 20,709
State grants	202,000	202,000	191,466	(10,534)
Licenses and permits	28,200	28,200	31,721	3,521
Charges for services	11,690	15,426	20,401	4,975
Interest and rentals	150	150	2,002	1,852
Other:				
Sale of land	30,000	30,000	32,708	2,708
Special assessments	2,000	2,000	2,627	627
Miscellaneous	900	900	4	(896)
Total revenues	<u>339,940</u>	<u>343,676</u>	<u>366,638</u>	<u>22,962</u>
<b>EXPENDITURES</b>				
Legislative	<u>5,324</u>	<u>5,324</u>	<u>5,373</u>	<u>(49)</u>
General government:				
Supervisor	13,877	13,987	9,005	4,982
Election	11,400	11,400	1,564	9,836
Assessor	32,722	32,722	31,652	1,070
Clerk	14,438	14,788	14,679	109
Board of review	900	900	630	270
Treasurer	17,522	17,522	17,270	252
Hall and grounds	15,050	15,038	11,127	3,911
Cemetery	20,360	22,573	20,173	2,400
Other	76,650	78,944	81,038	(2,094)
Total general government	<u>202,919</u>	<u>207,874</u>	<u>187,138</u>	<u>20,736</u>
Public safety:				
Police	30,751	30,751	11,507	19,244
Building inspection	<u>22,500</u>	<u>26,995</u>	<u>22,198</u>	<u>4,797</u>
Total public safety	<u>53,251</u>	<u>57,746</u>	<u>33,705</u>	<u>24,041</u>

**Township of Columbia**

**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Public works:				
Drains	\$ 500	\$ 500	\$ 800	\$ (300)
Street lights	4,000	4,348	3,648	700
Transfer station	23,800	23,875	22,063	1,812
Total public works	28,300	28,723	26,511	2,212
Health and welfare	1,000	1,000	2,584	(1,584)
Community and economic development:				
Planning	5,062	5,062	4,040	1,022
Zoning	14,300	14,360	11,581	2,779
Total community and economic development	19,362	19,422	15,621	3,801
Recreation and culture - parks and recreation	950	950	3,832	(2,882)
Capital outlay	29,450	27,351	3,829	23,522
Total expenditures	340,556	348,390	278,593	69,797
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(616)	(4,714)	88,045	92,759
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in - Saddle Lake Fund	-	5,606	5,606	-
Transfer out - Hospital Fund	(595)	(595)	(646)	(51)
Total other sources (uses)	(595)	5,011	4,960	(51)
<b>NET CHANGE IN FUND BALANCES</b>	(1,211)	297	93,005	92,708
<b>FUND BALANCES - BEGINNING</b>	103,997	103,997	103,997	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 102,786</u>	<u>\$ 104,294</u>	<u>\$ 197,002</u>	<u>\$ 92,708</u>



**Township of Columbia**  
**BUDGETARY COMPARISON SCHEDULE - Road Fund**  
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 137,000	\$ 137,000	\$ 188,514	\$ 51,514
State grants	-	-	4,558	4,558
Charges for services	1,000	1,000	2,175	1,175
Interest	500	500	6,442	5,942
Total revenues	138,500	138,500	201,689	63,189
<b>EXPENDITURES</b>				
Public works - highways and streets	141,000	141,000	75,236	65,764
<b>NET CHANGE IN FUND BALANCES</b>	(2,500)	(2,500)	126,453	128,953
<b>FUND BALANCES - BEGINNING</b>	301,650	301,650	301,650	-
<b>FUND BALANCES - ENDING</b>	<u>\$ 299,150</u>	<u>\$ 299,150</u>	<u>\$ 428,103</u>	<u>\$ 128,953</u>

**Township of Columbia**  
**BUDGETARY COMPARISON SCHEDULE - Fire Fund**  
Year ended March 31, 2006

	<b><u>Original budget</u></b>	<b><u>Amended budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance favorable (unfavorable)</u></b>
<b>REVENUES</b>				
Taxes	\$ 160,000	\$ 160,000	\$ 238,643	\$ 78,643
Charges for services	2,000	2,000	100	(1,900)
Interest	<u>700</u>	<u>700</u>	<u>6,981</u>	<u>6,281</u>
Total revenues	<u>162,700</u>	<u>162,700</u>	<u>245,724</u>	<u>83,024</u>
<b>EXPENDITURES</b>				
Public safety - fire protection:				
Personnel costs	47,147	47,147	31,489	15,658
Recruitment and training	5,500	5,500	3,999	1,501
Insurance	11,000	11,000	13,118	(2,118)
Equipment and supplies	20,000	19,100	16,290	2,810
Occupancy	<u>22,450</u>	<u>22,850</u>	<u>14,458</u>	<u>8,392</u>
Total fire protection	106,097	105,597	79,354	26,243
Capital outlay	53,300	53,300	20,220	33,080
Debt service:				
Principal	22,460	74,313	74,281	32
Interest	<u>-</u>	<u>8,147</u>	<u>8,176</u>	<u>(29)</u>
Total expenditures	<u>181,857</u>	<u>241,357</u>	<u>182,031</u>	<u>59,326</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(19,157)	(78,657)	63,693	142,350
<b>OTHER FINANCING SOURCES</b>				
Transfer in - Ambulance Fund	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(19,157)	(18,657)	123,693	142,350
<b>FUND BALANCES - BEGINNING</b>	<u>256,085</u>	<u>256,085</u>	<u>256,085</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 236,928</u>	<u>\$ 237,428</u>	<u>\$ 379,778</u>	<u>\$ 142,350</u>

**Township of Columbia**  
**BUDGETARY COMPARISON SCHEDULE - Police Fund**  
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 69,528	\$ 69,528	\$ 69,528	\$ -
<b>EXPENDITURES</b>				
Public safety - police	<u>69,528</u>	<u>69,528</u>	<u>69,528</u>	<u>-</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	-	-	-	-
<b>FUND BALANCES - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## **SUPPLEMENTARY INFORMATION**

**Township of Columbia**  
**COMBINING BALANCE SHEET - other governmental funds**  
 March 31, 2006

	<u>Ambulance</u>	<u>Liquor Law Enforcement</u>	<u>Saddle Lake</u>	<u>Hospital</u>
<b>ASSETS</b>				
Cash	\$ 78,594	\$ 3,818	\$ 7,340	\$ 2,462
Receivables	<u>3,862</u>	<u>-</u>	<u>1,183</u>	<u>3,243</u>
Total assets	<u>\$ 82,456</u>	<u>\$ 3,818</u>	<u>\$ 8,523</u>	<u>\$ 5,705</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ -	\$ -	\$ -	\$ 2,462
Deferred revenue	<u>3,862</u>	<u>-</u>	<u>1,183</u>	<u>3,243</u>
Total liabilities	<u>3,862</u>	<u>-</u>	<u>1,183</u>	<u>5,705</u>
Fund balances:				
Reserved for long-term receivables	-	-	-	-
Unreserved, undesignated	<u>78,594</u>	<u>3,818</u>	<u>7,340</u>	<u>-</u>
Total fund balances	<u>78,594</u>	<u>3,818</u>	<u>7,340</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 82,456</u>	<u>\$ 3,818</u>	<u>\$ 8,523</u>	<u>\$ 5,705</u>

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<u>Senior Services</u>	<u>Community Revolving</u>	<u>Total other governmental funds</u>
\$ 1,232	\$ 45,904	\$ 139,350
<u>2,124</u>	<u>39,866</u>	<u>50,278</u>
<u>\$ 3,356</u>	<u>\$ 85,770</u>	<u>\$ 189,628</u>

\$ 1,232	\$ -	\$ 3,694
<u>2,124</u>	<u>-</u>	<u>10,412</u>
<u>3,356</u>	<u>-</u>	<u>14,106</u>

-	39,866	39,866
<u>-</u>	<u>45,904</u>	<u>135,656</u>
<u>-</u>	<u>85,770</u>	<u>175,522</u>

<u>\$ 3,356</u>	<u>\$ 85,770</u>	<u>\$ 189,628</u>
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**Township of Columbia****COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - other governmental funds**

Year ended March 31, 2006

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	<u>Ambulance</u>	<u>Liquor Law Enforcement</u>	<u>Saddle Lake</u>	<u>Hospital</u>
<b>REVENUES</b>				
Taxes	\$ 27,260	\$ -	\$ -	\$ 22,896
State grants	-	1,422	-	-
Interest and rentals	1,917	-	24	-
Other revenue	-	-	29,277	-
	<u>-</u>	<u>-</u>	<u>29,277</u>	<u>-</u>
Total revenues	<u>29,177</u>	<u>1,422</u>	<u>29,301</u>	<u>22,896</u>
<b>EXPENDITURES</b>				
Public safety	-	1,498	-	-
Public works	-	-	16,355	-
Health and welfare	2,055	-	-	23,542
Community and economic development	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,055</u>	<u>1,498</u>	<u>16,355</u>	<u>23,542</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>27,122</u>	<u>(76)</u>	<u>12,946</u>	<u>(646)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	646
Transfers out	(60,000)	-	(5,606)	-
	<u>(60,000)</u>	<u>-</u>	<u>(5,606)</u>	<u>-</u>
Total other sources (uses)	<u>(60,000)</u>	<u>-</u>	<u>(5,606)</u>	<u>646</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(32,878)</u>	<u>(76)</u>	<u>7,340</u>	<u>-</u>
<b>FUND BALANCES - BEGINNING</b>	<u>111,472</u>	<u>3,894</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 78,594</u>	<u>\$ 3,818</u>	<u>\$ 7,340</u>	<u>\$ -</u>

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<u>Senior Services</u>	<u>Community Revolving</u>	<u>Total other governmental funds</u>
\$ 15,284	\$ -	\$ 65,440
-	-	1,422
-	1,503	3,444
-	-	29,277
<u>15,284</u>	<u>1,503</u>	<u>99,583</u>
-	-	1,498
-	-	16,355
15,284	-	40,881
<u>-</u>	<u>2,710</u>	<u>2,710</u>
<u>15,284</u>	<u>2,710</u>	<u>61,444</u>
<u>-</u>	<u>(1,207)</u>	<u>38,139</u>
-	-	646
<u>-</u>	<u>-</u>	<u>(65,606)</u>
<u>-</u>	<u>-</u>	<u>(64,960)</u>
-	(1,207)	(26,821)
<u>-</u>	<u>86,977</u>	<u>202,343</u>
<u>\$ -</u>	<u>\$ 85,770</u>	<u>\$ 175,522</u>



## SUPPLEMENTARY DATA

**Township of Columbia**  
**SCHEDULE OF DEBT REQUIREMENTS**  
*March 31, 2006*

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2005 4.14% \$250,000 Installment Purchase Contract

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 11,793	\$ 5,050	\$ 16,843
2008	16,301	6,156	22,457
2009	16,987	5,470	22,457
2010	17,701	4,756	22,457
2011	18,445	4,012	22,457
2012	19,221	3,236	22,457
2013	20,029	2,428	22,457
2014	20,871	1,586	22,457
2015	21,749	708	22,457
2016	<u>3,447</u>	<u>36</u>	<u>3,483</u>
	<u>\$ 166,544</u>	<u>\$ 33,438</u>	<u>\$ 199,982</u>

# SiegfriedCrandallPC

Certified Public Accountants & Advisors

246 E. Kilgore Road  
Kalamazoo, MI 49002-5599  
www.siegfriedcrandall.com

Telephone 269-381-4970  
800-876-0979  
Fax 269-349-1344

**Board of Trustees  
Township of Columbia, Michigan**

In planning and performing our audit of the financial statements of Township of Columbia, Michigan, for the year ended March 31, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control. Our assessment of the internal control was limited to obtaining an understanding of the internal control sufficient to plan the audit and did not include tests of controls. However, we noted certain matters involving the internal control and its operations that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. (See attached schedule of comments and recommendations.) Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Township's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, misstatements due to error or fraud may occur and not be detected by such controls.

This report is intended for the information and use of the Board of Trustees, management, and others within the Township, and Michigan Department of Treasury, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Siegfried Crandall P.C.*

**December 15, 2006**

**Township of Columbia**  
**SCHEDULE OF COMMENTS AND RECOMMENDATIONS**

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**Finding - The general ledger does not present an up-to-date record of the assets, liabilities, and equity of certain funds of the Township.**

**Causes:**

- a. Certain interfund transactions were not recorded simultaneously in each fund, or were recorded incorrectly.
- b. Differences between the reconciled bank balances and the general ledger cash balances were not investigated and resolved.
- c. Certain prior year adjusting entries were not recorded.
- d. Certain revenue and expenditure accounts were coded as asset accounts, and accordingly were not closed into fund balance last year.
- e. The balances of savings and certificate of deposit accounts were not updated for earned interest income.
- f. For certain agency fund transactions, the receipt and distribution of monies were recorded in separate agency accounts.

**Effect:** The carrying value of assets, liabilities, and fund equity were incorrect. Out of balance conditions existed in all funds. Certain revenues and expenditures for the fiscal period were materially misstated.

**Recommendations:**

- a. When recording interfund transactions, identify all funds and accounts that will be affected, so a post-recording review can be made to determine the accuracy and completeness of the required entries.
- b. Recording errors identified when performing the monthly bank reconciliation must be corrected in a timely manner. The trustees must be advised of the status of each month's bank reconciliation process, and whether identified errors have been corrected.
- c. The opening balances of all asset, liability, and equity accounts must agree with the prior year's final balances after closing. Uncorrected differences may be material, and make subsequent financial reports misleading.
- d. Earned interest must be recorded on a timely basis. Usually, the ledger is updated for such transactions at the time the monthly bank reconciliation is performed.
- e. Consider using a common checking account, to reduce the need for physical transfers of monies between funds.
- f. When recording receipts into liability accounts of an agency fund (701 or 703), the related distributions should be recorded in the same account so as to demonstrate accountability for the monies received.
- g. The Clerk and Treasurer must have access to consultation resources so that identified issues can be resolved on a timely basis.

**SCHEDULE OF COMMENTS AND RECOMMENDATIONS (Continued)**

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**Finding - Budget amendments were not accurately incorporated into the final budget.**

**Causes:**

- a. The budget process did not identify all funds for which budget amendments were required. The General Fund and all special revenue funds must be evaluated periodically for possible amendment. A special revenue fund may not be excluded from the process even if the sources (weed assessments, for example) and uses (payments to service provider) are known in advance.
- b. Certain interfund transfers budgeted amounts were recorded incorrectly or in only the receiving fund's budget.
- c. Certain budgeted amounts shown in the general ledger did not correspond to the budget document.

**Effect:** The budget serves as the authorization to spend. Inaccurate or incomplete budget amounts may cause unintended expenditures in excess of budget. Inconsistencies between general ledger budgeted amounts and the budget document amounts can cause confusion as to which budget shows the correct amount.

**Recommendations:**

- a. Identify all special revenue funds so that the budget document can be complete and accurate.
- b. Clearly identify budgeted interfund transfers in/out, making sure that the amounts in each fund are in agreement. Consider labeling the accounts used as "transfers in" and "transfers out," so as to assure segregation of such transactions from external revenues and expenditures.
- c. Periodically, the amounts shown in the general ledger should be compared to the budget document for agreement.